

# Inflation Boogeyman

*What to keep in mind as inflation fears rise.*

Provided by Scott E. Holstein, CPA, PFS, CFP®

Inflation has emerged as one of the top financial concerns for investors as they size up the economy for the rest of the year.

According to research by Deutsche Bank, Google searches for “inflation” are rising rapidly and recently hit a peak not seen since the tracking began 13 years ago.<sup>1</sup>

Fed Chair Jerome Powell has said that inflation is likely to pick up as the economy recovers from the pandemic, but he believes it will be temporary. Powell has also stated that the central bank plans to keep short-term rates anchored near zero through 2023.<sup>2</sup>

“Inflation is caused by too much money chasing after too few goods,” according to Milton Friedman, the well-known American economist who won the 1976 Nobel Memorial Prize in Economic Sciences.<sup>3</sup>

How much money is too much money? Remember that lawmakers have enacted six major stimulus bills, totaling about \$5.3 trillion to help manage the economic burden on families and businesses during the pandemic.<sup>4</sup>

One piece of wisdom to keep in mind is that the stock market is a discounting mechanism, meaning it considers all available present and potential future events to determine its closing price. When there’s uncertainty about the economy, the stock market may be more volatile while it searches for answers.<sup>5</sup>

If you are concerned about the outlook for inflation or stock market volatility, please give us a call. We’d welcome the chance to hear your perspective, and hopefully, we can provide some guidance.

**Scott E. Holstein, CPA, PFS, CFP® may be reached at 800.458.9330 or [info@prudentwm.com](mailto:info@prudentwm.com).**

**www.prudentwm.com**

Forecasts such as the Fed's plans to keep short-term rates anchored near zero are based on assumptions and subject to revisions over time. Financial, economic, political, and regulatory issues may cause the actual results to differ from the expectations expressed in the forecast.

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Securities and investment advisory services offered through Cetera Advisor Networks LLC, member FINRA/SIPC, a registered investment advisor. Certain advisory services and financial planning services offered through Vicus Capital, Inc., a federally registered investment advisor. Cetera is under separate ownership from any other named entity. Please remember to contact Scott E. Holstein's Office if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message. This communication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any securities or product. The information contained herein has been obtained from sources believed to be reliable but we do not guarantee accuracy or completeness. Client account information or transaction details do not supersede mailed confirmations or account statements which are the only official records containing this information. Electronic mail sent through the internet is not secure and could be intercepted by a third party. For your protection, avoid sending identifying information, such as account, Social Security, or card numbers to us or others. Further, do not send time-sensitive, action-oriented messages, such as transaction orders, fund transfer instructions, or check stop payments, as it is our policy not to accept such items electronically.

#### **Citations**

1. Yahoo.com, March 17, 2021
2. CNBC, March 17, 2021
3. American Enterprise Institute, 2021
4. PGP.org, March 15, 2021
5. Investopedia.com, 2021